

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1871 – HB 2174

April 4, 2014

SUMMARY OF ORIGINAL BILL: Creates a hearing process before the Bureau of TennCare for a resident of a nursing facility who appeals an involuntary discharge notice. The hearing must be scheduled within 15 days from the date of the appeal and a written decision must be rendered within 60 days from the date of the appeal. Creates a hearing process on an appeal of the Bureau of TennCare's determination that an individual is not financially or medically eligible for nursing facility services.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$105,000

Increase Federal Expenditures - \$105,000

SUMMARY OF AMENDMENT (013965): Deletes Section 1 of the bill. Requires a hearing before the Bureau of TennCare for a resident of a nursing facility who appeals an involuntary discharge notice to be conducted and a final order rendered within 90 days of the resident's appeal of the notice. The 90-day period may be extended or continued with consent of both the facility and the resident or by the presiding administrative law judge.

Requires a hearing on an appeal of the Bureau of TennCare's initial determination that an individual is not financially eligible for nursing facility services to be conducted and a final order rendered within 90 days from the date of the individual's appeal. Authorizes the facility to participate in any proceeding or hearing that appeals an initial determination that the individual is not financially or medically eligible.

Requires a resident to be determined eligible from the date of submission of the application or pre-admission evaluation if the resident's appeal is successful and establishes that the individual should have been determined to be eligible for nursing facility services. Payment for TennCare services are to be made retroactively to the initial date of the submission. If a final order of the appeal is not issued finalized within 90 days, TennCare must contingently authorize payment for the service sought.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - \$3,877,500

Increase Federal Expenditures - \$7,221,700

Assumptions for the bill as amended:

- According to the Bureau of TennCare, the level of care appeals for nursing facility applications are currently handled within a 90-day period.
- The provisions of the bill as amended will not significantly alter the current timeframe in which nursing facility appeals occur; therefore, any fiscal impact to the TennCare program for administrative costs will not be significant.
- According to TennCare, there are approximately 14,500 denials annually. Approximately 25 percent, or 3,625, of those are appealed. TennCare estimates approximately 40 percent, or 1,450, of the appealed denials will be overturned.
- It is estimated that on average, each overturned appeal will result in 60 days, or two months of additional days being paid retroactively.
- The statewide average capitation rate for the CHOICES program is \$3,827.32 per member per month resulting in an increase in costs for retroactive payments of \$11,099,228 (1,450 appeals x 2 months x \$3,827.32).
- Of the \$11,099,228, approximately \$3,877,515 will be state funds at a rate of 34.935 percent and \$7,221,713 will be federal funds at a match rate of 65.065 percent.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/kml